

USAID/Tanzania

Annual Report

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Tanzania

Performance:

Goals and Challenges in the Tanzanian Context: Following decades of one-party socialism and economic stagnation, Tanzania embarked on a fundamental political and economic transformation in the early 1990s. The nation's first multi-party elections were held in 1995. Tanzania has made major strides in converting to a market economy. The government has instituted reforms that are controlling inflation and deficit spending, attracting increased investment, privatizing public enterprises, and sustaining annual economic growth rates among the best in sub-Saharan Africa. However, Tanzania still faces formidable impediments to its democratization and development goals. Challenges include structural obstacles to economic growth, institutional and human capacity limitations, HIV/AIDS and high rates of other infectious diseases and of population growth, corruption, the government's uneasy relationship with civil society organizations, and unsustainable natural resource exploitation.

Tanzania ranked 160 out of 175 countries in the 2003 United Nations Development Program Human Development Index. The World Bank estimates Tanzania's 2003 per capita income at \$277. Roughly 40% of the population of 34.6 million subsists below the basic needs poverty line. Only 76% of adults are literate. Although primary school is free and mandatory, the enrollment rate is only 59%, and just 7% for secondary school. Life expectancy is just over 50 years and falling; the infant mortality rate is 104 per 1,000 and rising. Both trends reflect a national HIV/AIDS infection rate estimated around 11%.

Democracy remains fragile. Observers deemed Tanzania's 1995 and 2000 elections to have been free and fair on the mainland, but deeply flawed in Zanzibar, where bloodshed followed the contest in 2000. The two main parties have since negotiated a political reconciliation accord, and Zanzibar's 2003 by-elections occurred in a peaceful, fair manner. General elections in October 2005 will test the durability of the electoral process and institutions of democratic governance. The national parliament is gradually gaining competence as a representative, law-making body with a lead role in oversight of government and public expenditure. However, the ruling party holds nearly 90% of the seats, with the rest divided among five opposition parties. Corruption is pervasive. A government-created Prevention of Corruption Bureau has a mandate for investigation and prosecution of certain cases, but has had little discernable effect. It is unclear whether requisite political will can be generated. Relationships between government and civil society organizations are often strained. In 2002, Parliament passed an overly restrictive non-governmental organization (NGO) regulatory Act that threatens the voluntary, non-governmental nature of NGOs. The NGOs have organized themselves to seek revision of the law.

Tanzania's real annual gross domestic product (GDP) grew about 5.5% in 2002. Under the Heavily Indebted Poor Country Initiative the country has benefited from an estimated \$85 million in international public debt relief, which is being channeled towards achievement of health and education objectives. The government's framework for development, its Poverty Reduction Strategy (PRS), aims at sustainable development, particularly in the countryside. Agricultural growth and commercialization are essential for the success of the PRS, as more than 70% of the country's poor live in rural areas and depend on agriculture. To date, the rural population has only participated marginally in broader domestic and export markets. This lack of opportunities in rural areas has contributed to a rapid expansion in the proportion of the urban population, from 19% to 27% between 1988 and 2002. Constraints on agriculture include high transportation costs; weak market infrastructure; uneven production and inconsistent quality; and lack of access to market information and to inputs and credit.

U.S. Interests and Goals: U.S. national interests in Tanzania are two-fold. First, Tanzania plays a constructive role among its East and Central African neighbors in leading efforts to resolve regional conflicts peacefully and hosting 469,000 documented refugees. Second, Tanzania is a key ally in

combating terrorism. In a volatile region, it is a stable country progressing on a path of democratic governance and market-based economic reform and growth, and offering avenues for outreach to a large Muslim population. U.S. goals are to reinforce Tanzania's regional stabilizing influence and to assist and accelerate the country's democratic and developmental progress.

The USAID Program: USAID's Strategic Objectives (SOs) are tightly aligned with Tanzania's goals for good governance and poverty reduction through sustainable income generation and access to quality basic services. Tanzania's success in achieving these goals hinges on its ability to overcome challenges including: combating HIV/AIDS; increasing availability and use of reproductive and child health services; both conserving and developing its natural resources; accelerating private sector growth; and ensuring good governance and democratic processes. USAID's Health SO focuses on increasing use of reproductive and child health services and preventing the spread of HIV/AIDS by building demand for and availability of services. The health program works at the national level for needed policies and implementation mechanisms, and locally to develop capacity of government and voluntary associations. Women and children, who suffer most from HIV/AIDS and other preventable illnesses, are primary beneficiaries. Efforts include increasing the percentage of women relative to men testing for HIV/AIDS.

The Economic Growth (EG) SO focuses on private enterprise promotion and, increasingly, on rural income generation by micro and small agriculture-based enterprises. The program concentrates on productivity and competitiveness in specific cash crops, related enterprise and producer associations, and trade. Some of the most biologically diverse habitats in the world exist in Tanzania, and the country's growing economy relies heavily on its wildlife and natural resource endowment. USAID's Natural Resources Management (NRM) SO promotes policy and legislative reform; community-based natural resource management (CBNRM); conservation enterprise development; and improved coastal and protected area management. Women are prominent in several fields of enterprise jointly assisted by these two SOs.

A principal tenet of democratic transition in Tanzania will be to increase the capacity of civil society to participate effectively in public affairs. Building capacity of indigenous civil society organizations (CSOs) to pursue their objectives and interact with the Tanzanian Parliament, and strengthening Parliament's own effectiveness, are the aims of the Democracy and Governance (DG) SO. The DG SO also provides limited support for education. Greater female involvement in internal CSO management and stronger advocacy for women's issues are priorities. A Special Program Objective is improving the government's disaster preparedness and response capability.

Donor Relations: The Development Assistance Committee (DAC) coordinates donors at the sector level through working groups chaired on a rotating basis. USAID and the World Bank are lead donors in HIV/AIDS. Germany and the United Nations Development Programme collaborate with USAID as principal donors for wildlife policy reform and environmental advocacy. Unlike many donors in Tanzania, USAID contributes neither to general budget support nor sectoral "basket funding". The Mission is in an increasingly unique position in this respect, and is better able than most donors to offer specialized technical assistance. The British are already using USAID's more targeted instruments for direct assistance to Parliament. Eight donors (including USAID) are contributors to an account USAID devised to rapidly mobilize assistance to NGOs active in HIV/AIDS.

Key Achievements: USAID/Tanzania has made excellent progress over the reporting period. All SOs met or exceeded their performance targets. Moreover, Tanzania is a "mature strategy" Mission, and SO-level impacts are increasingly evident. National policies and systems for quality health services delivery, and growing public and voluntary sector implementation capacity, are widely apparent. Trends in demand for these services, including HIV/AIDS counseling and testing, have been meeting and often exceeding expectations. Policies and laws have been enacted that, in implementation, are promoting sustainable, community-based management of Tanzania's wildlife and natural resource endowments and steadily increasing the extent of community lands under improved conservation management. In the private sector, USAID assistance in its final five-year phase has opened over 1,160 kilometers of rural feeder roads essential for access to markets and basic services, and has privatized local road work contracting. A policy deregulating marketing of specialty coffee has been implemented. USAID's initial

“investments” in identifying and promoting production of specialty coffee and other high potential cash crops by small producers in target areas yielded impressive rural income returns. USAID capacity building has been instrumental in emergence of a dynamic civil society with demonstrated effectiveness in pressing government for policy and legal reforms needed to combat HIV/AIDS, environmental degradation, and obstacles to private sector growth. These latter results are a product of the Mission’s emphasis on linkages among all SOs.

USAID emphasizes an integrated approach across SOs which incorporates cross-cutting themes, and offers opportunities for synergy. Program linkages among SOs are but one way. The Mission is also expanding the use of Information and Communications Technology (ICT) in its programs and in internal management. This year, the Health SO opened a “telecenter” at a rural clinic, bringing Internet for the first time to a remote area. The NRM SO facilitated partner connectivity and innovative applications in its target ecosystems. A new DG SO activity is helping the Tanzanian Parliament to cross the digital divide. The EG SO is piloting the use of cellular phone text messages to transmit market information to rural farmers. Internally, staff members have been trained in a wide range of applications. A new Mission website serves an effective outreach function. Mission-level intranet streamlines operations, and computerized databases are facilitating results-based performance management.

All four SOs are developing public-private alliances as a means to amplify the scope, leverage, and impact of individual private sector, NGO, and donor efforts. Three alliances were initiated this year. An EG SO-funded ACDI/VOCA activity is developing the seaweed industry in collaboration with the US-based FMC Corporation, and local firms and producers. The NRM SO and the African Wildlife Foundation have developed a comprehensive partnership focused on the Tarangire ecosystem which mobilizes resources for investment (private sector); conservation (Flora and Fauna International); livelihoods (the Tanzania Land Conservation Trust); and environmental education (the Brown Foundation). The British (DFID) and the Global Environmental Facility are also partners. The Institute for Environmental Innovation’s (I4EI) tree planting program, funded by the GDA Secretariat and managed by the NRM SO, works with small groups of subsistence farmers to combat the effects of deforestation, drought, and famine through tree planting and conservation farming. I4EI’s partner, Clean Air Action Corporation, provides private funding for the tree planting effort from corporations interested in investing in greenhouse gas emission reduction credits.

Corruption hinders momentum and erodes gains in virtually every sector. In FY 2003, USAID received funds from the Africa Bureau Anti-Corruption Initiative to implement a project to increase transparency and accountability for funds and monitor the quality of public service delivery at the district level. Government, NGOs, and the media will be Tanzanian partners when the Anti-Corruption activity gets underway in 2004. USAID has procured the services of an anti-corruption expert to complete design of the project, including a pilot expenditure tracking system.

Last year, USAID launched its strategic planning process. During the June 2003 parameters setting meeting, the Mission’s Concept Paper was deemed a sound approach for preparation of a ten-year Country Strategic Plan for the period FY 2005 - 2014. The approved programmatic areas are HIV/AIDS, health, economic growth with an emphasis in agriculture, environment/natural resource management, and democracy and governance. Also approved was a USAID-proposed innovative Program Support Objective to manage and promote integrative, cross-cutting development themes, e.g., gender, ICT, governance, and public-private alliances. The Mission has undertaken an extensive analytic agenda in these sectors. The process involves USAID consultations with Embassy staff, Tanzanian counterparts, other donors, NGOs, and the private sector. The analysis and consultations indicate that Tanzania is at a critical point in its development. The analysis also suggests that the Mission has a unique role to play in helping Tanzania make the final transition from socialist structures to democratic, open market ones. The Mission will submit its strategy in May, for review in June 2004.

Key achievements by SO are summarized below.

1. Increased use of Family Planning/Maternal and Child Health and HIV/AIDS Prevention Services: USAID strengthens health systems at the national level and expands local delivery of quality reproductive and child health and HIV/AIDS services. The latter includes support to orphans and vulnerable children,

voluntary counseling and testing (VCT), and social marketing, with assistance for treatment and care expected to grow. Other priority services are immunization and Vitamin A supplementation, family planning, including long-term and permanent methods of contraception, post-abortion care, and management of malaria and syphilis in pregnancy. Focal national-level health systems are logistics management, quality assurance, and infectious disease surveillance and response. To strengthen capacities in health and HIV/AIDS, USAID builds leadership skills at the Ministry of Health and the Tanzania Commission for AIDS (TACAIDS), and promotes partnerships between government and civil society. Positive trends associated with USAID assistance bode well for accelerated implementation of the Presidential Initiatives for AIDS: Prevention of Mother to Child Transmission (PMTCT) and the Emergency Plan for AIDS Relief (PEPFAR), for which Tanzania is a focus country. Numbers of clients accessing USAID-funded VCT services - close to 50,000 this year - have grown steadily. Socially marketed condom sales have consistently increased, from 18.1 million in 1999 to 27.5 million this year. Couple years of protection have increased, meeting targets each year since 1999, to total 1.5 million this year. USAID has repeatedly met its target of 80% of children receiving Vitamin A supplementation and tetanus inoculation. The Mission-supported pilot introduction of intermittent presumptive treatment of malaria in pregnancy went nationwide in under two years, with coverage up from 29% in 2001 to 65% in 2003.

2. Civil Society and Public-Private Partnerships: The DG SO is increasing the capacity of civil society to represent citizen interests to the government on key concerns including HIV/AIDS, environment, private sector and gender issues. Government's consulting with NGOs in legal reform, as in the case of environmental law and HIV/AIDS, is a new phenomenon. The DG SO also continued assistance to Parliament, the supreme legislative body, to fulfill its role as an effective representation, lawmaking, and oversight institution. Two key indicators of success were achieved this year. Twenty-seven partner NGOs made significant strides in their organizational capacity to influence public policy. Also, nine business associations registered much improved advocacy capacity.

3. Natural Resources Management: Tanzania's biological wealth offers a multitude of opportunities for long-term economic development and poverty alleviation if properly managed. Tanzania is considered as one of the premiere tourism destinations in Africa and its tourism industry has shown rapid growth in the last decade. Between 1992 and 2001, tourist arrivals increased by over 160%, with earnings up by over 500% for the same period. Average annual growth for the sector is currently at 20%. Wildlife tourism alone contributed over 12% to GDP in 2002. USAID's objective is to stem the loss of biodiversity and promote related benefits through sustainable CBNRM. This year, the SO began an important transition from policy formulation to implementation, as two key elements of the legal framework for coastal and wildlife management, the National Integrated Coastal Management Strategy and the Wildlife Management Area Regulations, came under active implementation. USAID's two target national parks showed continued impressive growth in tourism and revenues. Outside the parks, CBNRM approaches contributed to conservation - over 400,000 hectares of community land were brought under sustainable management this year - and to benefits from related enterprise (tour operator and community partnerships, honey, oilseeds). USAID expanded the Tanzanian environmental constituency with environmental education reaching some 380,000 people. During 2003, the SO entered three strategic alliances, which will leverage more results. Even though we have been achieving impressive results, an inadequate funding allocation in FY 2004 will require significant cutbacks in activities.

4. Micro and Small Enterprise Promotion: The EG SO promotes growth and efficiency of micro and small enterprises, focusing on raising incomes of small agricultural producers. This focus takes the form of a core program of activities which will be the basis for the new strategy. The core program emphasizes policy reforms to encourage investment, efficiencies in market linkages to decrease transaction costs and increase profitability, and the introduction of improved farming and processing practices to raise productivity. Assistance from Technoserve confirmed the potential in cash crops: pilot program coffee producers increased both their productivity and product quality, enabling them to sell it at specialty grade prices. A parallel policy initiative persuaded the Tanzania Coffee Board to allow sale of specialty coffee outside the government auction. Helped by EnterpriseWorks, 1,700 smallholders introduced simple water pumps and oilseed presses, increasing their collective income by more than \$500,000. Tanzanian enterprises were assisted in manufacturing this equipment. EnterpriseWorks estimates that the combined

result of all its productivity increasing initiatives will be an increase in total participating farmer income by \$3.7 million. Policy initiatives in the mining sector and with the Tanzania Revenue Authority (TRA) improved tax applications to the mining industry and increased TRA audit capacity. The Private Enterprise Support Activity is training over 17,000 small producers in high potential agricultural commodity sectors in effective production, processing, and marketing techniques.

5. Disaster Responsiveness: A Special Program Objective furnishes humanitarian assistance to families of the victims of the 1998 U.S. Embassy bombing and strengthens Tanzania's disaster response capacity. In 2003, the program was substantially concluded, with many achievements to report. The Ministry of Health has drafted, tested, and refined an Emergency Operations Plan. Emergency medicine is now a recognized discipline in Tanzania. One hundred doctors and nurses attended Tanzania's first-ever courses in emergency medical and nursing care. An essential emergency medical equipment list is now available to guide procurement. This equipment will be delivered to Tanzania in early 2004. Hospitals and disaster response centers are receiving training and equipment to prepare for and manage crises.

Country Close and Graduation:

Results Framework

621-001 Increased use of family planning/maternal and child health and HIV/AIDS preventive measures

SO Level Indicator(s):

- Children under 5 years vaccinated against polio
- Condom use at last higher risk sex
- Contraceptive prevalence rate (CPR)
- Couple-year of protection (CYP)
- Higher risk sex in the last year
- Median age at first sex among young men and women
- Percent of pregnant women who were given 2 doses of presumptive malaria medication (SP) during antenatal visits
- Vitamin A supplementation among children aged 6-59 months
- Young people having multiple partners
- IR1.1** Policy and legal environment improved
- IR1.2** Availability of quality services increased
- IR1.3** Demand for specific quality services increased

621-002 Foundation Established for Adoption of Environmentally Sustainable NRM Practices in Tanzania

621-003 Civil society and government are more effective partners in governance

SO Level Indicator(s):

- Partnerships functioning effectively in all targeted sectors
- IR3.1** Targeted CSOs' capacity to represent public interests to government on selected issues strengthened
- IR3.2** Targeted government institutions are more responsive to public concerns on selected issues
- IR3.3** The enabling environment supports CSO-government partnership in governance

621-004 Increased micro and small enterprise participation in the economy

621-005 Rural roads improved in a sustainable manner

621-006 Suffering of Tanzania bomb victims reduced and local disaster responsiveness capacity enhanced

- IR6.1** Psycho-social, economic and health impact of bomb blast reduced
- IR6.2** Preparedness for future disasters increased

621-008 Improved Conservation of Coastal Resources and Wildlife in Targeted Areas

SO Level Indicator(s):

- Area under conservation management
- IR8.1** Key natural resources policies applied
- IR8.2** Increased effectiveness of institutions that support natural resources conservation
- IR8.3** Improved management of targeted protected areas
- IR8.4** Community-based conservation regimes functioning in target areas

621-009 Increased micro and small enterprise participation in the economy II

SO Level Indicator(s):

- Percentage change in the number of MSEs in all program assisted subsectors
- IR9.1** Improved micro and small enterprise policy environment
- IR9.2** Broadened micro and small enterprise access to markets
- IR9.3** Strengthened capacity of micro and small businesses